

Message Text

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72

ACTION NEA-16

INFO OCT-01 EUR-25 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 SEC-03 FEA-02 IO-14 PA-04 USIA-15

PRS-01 DRC-01 /206 W

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R 251323Z JUN 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 0074

AMEMBASSY MANILA

INFO AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY TOKYO

AMCONSUL ZURICH

C O N F I D E N T I A L KUWAIT 2664

EO 11652: NA

TAGS: EFIN, PFOR, KU, RP

SUBJ: KUWAIT UNDERWRITES PHILIPPINE BONDS

REF: A) KUWAIT 0897; B) KUALA LUMPUR 2959

BEGIN UNCLASSIFIED

1. FOLLOWING PRESS RELEASE ISSUED EVENING JUNE 24:

QTE KUWAIT INTERNATIONAL INVESTMENT COMPANY, CREDIT SUISSE WHITE WELD LTD AND THE NOMURA SECURITIES COL, LTD HAVE COMPLETED THE UNDERWRITING AND PLACING OF KUWAITI DINAR 5,000,000 (KD 1 EQUALS \$3.40) FIVE PERCENT NOTES DUE 1979 ISSUED BY THE REPUBLIC OF THE PHILIPPINES (ROP). PURCHASE AGREEMENT WAS SIGNED JUNE 24 IN KUWAIT BY MR CESA VIRATA, SECRETARY OF FINANCE OF ROP BY THE
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MANAGERS. THIS IS THE FIRST ISSUE BY AN ASIAN GOVERNMENT IN THE

MIDDLE EAST AND THE FIRST PUBLIC INTERNATIONAL ISSUE BY ROP
SINCE 1965.

QTE THIS TRANSACTION IS ALSO THE FIRST INTERNATIONAL ISSUE
DENOMINATED IN KD LISTED ON A RECOGNIZED STOCK EXCHANGE RE-
PRESENTING AN IMPORTANT STEP IN THE DEVELOPMENT OF KUWAIT AS
AN INTERNATIONAL FINANCIAL CENTER, CONSISTENT ALSO WITH THE
POLICY OF THE KUWAIT GOVERNMENT TO ASSIST IN RECYCLING OIL
REVENUES TO THE DEVELOPING WORLD.

QTE UNLIKE TWO PREVIOUS KUWAITI DINAR PLACEMENTS, FOR INTER-
GOVERNMENTAL AGENCIES, WHICH WERE ISSUED IN LARGE DENOMINATIONS
AND IN REGISTERED FORM, THE NOTES WILL BE ISSUED IN BEARER FORM
IN DENOMINATIONS OF KD 1,000; KD 10,000; AND KD 100,000
AND HAVE BEEN OFFERED TO SUBSCRIBERS IN KUWAIT AND ABROAD. UNQTE

2. FOR WTDR ON KIIC SEE REF A. FIRM IS PRIVATE SHAREHOLDING
COMPANY FOUNDED IN 1973 BY PROMINENT AND INFLUENTIAL KUWAITI
BUSINESSMEN. CAPITAL IS KD 10 MILLION.

END UNCLASSIFIED BEGIN CONFIDENTIAL

3. ALTHOUGH KIIC CAPITAL RELATIVELY NOMINAL, WE UNDERSTAND IT
BECOMING MORE AND MORE A PRACTICE OF GOK (PRIMARILY MIN FINANCE
AND OIL ATIQI) TO CHANNEL FUNDS THROUGH THE SEVERAL PRIVATE,
STATE-OWNED, AND PARTLY STATE-OWNED FINANCE ORGANIZATIONS IN
KUWAIT FOR USES WHICH MIGHT CATCH FLAK FROM NATIONAL ASSEMBLY IF
DONE ON GOVERNMENT-TO-GOVERNMENT BASIS. (SEE SEPTTEL RE UNDER-
WRITING DOLS 100 MILLION YUGOSLAV BONDS). WE DO NOT KNOW, HOWEVER,
WHETHER OR NOT THIS WAS DONE IN THIS CASE.

4. EMBASSY BELIEVES TIMING OF THIS ANNOUNCEMENT INTERESTING
IN LIGHT OF GENERAL DEBATE ON PHILIPPINES IN ISLAMIC CONFERENCE
REPORTED REF B.
MCCLELLAND

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